

SourcePoint

YEARS ENDED DECEMBER 31, 2022 AND 2021

SOURCEPOINT

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

Board of Directors
SourcePoint
Delaware, Ohio

Opinion

We have audited the accompanying financial statements of SourcePoint, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of SourcePoint as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SourcePoint and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SourcePoint's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SourcePoint's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SourcePoint's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023 on our consideration of SourcePoint's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SourcePoint's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SourcePoint's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "H.W. & Co." with a period at the end.

Columbus, Ohio
June 22, 2023

SOURCEPOINT

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Current assets:		
Cash and cash equivalents	\$ 4,218,548	\$ 5,277,013
Accounts receivable, net of allowance for doubtful accounts	155,712	142,270
Contribution receivable for the use of building	464,000	464,000
Interest receivable	47,940	32,791
Inventory	134,415	115,445
Prepaid expense	133,132	97,205
Total current assets	5,153,747	6,128,724
Property and equipment:		
Furniture and equipment	1,689,909	1,522,066
Leasehold improvements	1,723,443	1,711,849
Vehicles	299,861	267,952
	3,713,213	3,501,867
Less accumulated depreciation and amortization	2,324,447	2,068,257
Total property and equipment, net	1,388,766	1,433,610
Other assets:		
Contribution receivable for the use of building, net of current portion and discount	627,534	1,028,355
Investments	8,159,973	7,722,187
Beneficial interest in assets held by others	43,417	50,279
Deferred compensation investments	249,634	311,033
Other	4,597	4,597
Total other assets	9,085,155	9,116,451
Total assets	\$ 15,627,668	\$ 16,678,785

LIABILITIES AND NET ASSETS

	2022	2021
Current liabilities:		
Accounts payable	\$ 360,592	\$ 408,770
Accrued payroll and related liabilities	266,564	317,915
Grants payable	45,291	42,292
Deferred revenue	39,278	12,396
Total current liabilities	711,725	781,373
Long-term liability; deferred compensation obligations	249,634	311,033
Net assets:		
Without donor restrictions	13,557,288	14,028,502
With donor restrictions	1,109,021	1,557,877
Total net assets	14,666,309	15,586,379
Total liabilities and net assets	\$ 15,627,668	\$ 16,678,785

See notes to financial statements.

SOURCEPOINT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Property tax levy	\$ 9,082,645	\$ -	\$ 9,082,645
Intergovernmental	982,830	-	982,830
Contributions and grants	1,055,125	560	1,055,685
In-kind contributions	91,644	-	91,644
Service fees and related	915,083	-	915,083
Investment income, net	207,701	-	207,701
Other	37,756	-	37,756
Net assets released from donor restrictions	449,416	(449,416)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	12,822,200	(448,856)	12,373,344
Expenses:			
Program:			
In-home care services	4,926,538	-	4,926,538
Community programs	3,268,301	-	3,268,301
Nutrition and event services	2,533,279	-	2,533,279
Communications and outreach	457,467	-	457,467
	<hr/>	<hr/>	<hr/>
Total program expenses	11,185,585	-	11,185,585
Management and general	1,126,348	-	1,126,348
Fundraising	125,150	-	125,150
	<hr/>	<hr/>	<hr/>
Total operating expenses	12,437,083	-	12,437,083
Increase (decrease) in net assets from operations	385,117	(448,856)	(63,739)
Other increase (decrease) in net assets:			
Gain on sale of property and equipment	11,605	-	11,605
Unrealized loss on investments	(867,936)	-	(867,936)
	<hr/>	<hr/>	<hr/>
Decrease in net assets	(471,214)	(448,856)	(920,070)
Net assets, beginning of year	14,028,502	1,557,877	15,586,379
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Net assets, end of year	<u>\$ 13,557,288</u>	<u>\$ 1,109,021</u>	<u>\$ 14,666,309</u>

See notes to financial statements.

SOURCEPOINT

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support:			
Property tax levy	\$ 8,743,331	\$ -	\$ 8,743,331
Intergovernmental	965,354	-	965,354
Contributions and grants	1,261,201	11,293	1,272,494
In-kind contributions	62,019	-	62,019
Service fees and related	641,979	-	641,979
Investment income, net	328,210	-	328,210
Other	35,668	-	35,668
Net assets released from donor restrictions	427,549	(427,549)	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	12,465,311	(416,256)	12,049,055
Expenses:			
Program:			
In-home care services	4,654,035	-	4,654,035
Community programs	2,812,858	-	2,812,858
Nutrition and event services	2,052,417	-	2,052,417
Communications and outreach	451,841	-	451,841
	<hr/>	<hr/>	<hr/>
Total program expenses	9,971,151	-	9,971,151
Management and general	1,112,288	-	1,112,288
Fundraising	157,748	-	157,748
	<hr/>	<hr/>	<hr/>
Total operating expenses	11,241,187	-	11,241,187
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets from operations	1,224,124	(416,256)	807,868
Other increase (decrease) in net assets:			
Gain on sale of property and equipment	5,700	-	5,700
Unrealized loss on investments	(40,605)	-	(40,605)
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets	1,189,219	(416,256)	772,963
Net assets, beginning of year	12,839,283	1,974,133	14,813,416
	<hr/>	<hr/>	<hr/>
Net assets, end of year	<u>\$ 14,028,502</u>	<u>\$ 1,557,877</u>	<u>\$ 15,586,379</u>

See notes to financial statements.

SOURCEPOINT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program					Supporting Services			Total Expenses
	In-Home Care Services	Community Programs	Nutrition and Event Services	Communications and Outreach	Total Programs	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 1,413,268	\$ 1,192,437	\$ 822,214	\$ 225,825	\$ 3,653,744	\$ 657,585	\$ 45,231	\$ 702,816	\$ 4,356,560
Payroll taxes and benefits	468,949	393,530	238,344	88,733	1,189,556	240,893	10,028	250,921	1,440,477
Client and member services	2,691,188	490,461	1,000,009	-	4,181,658	-	-	-	4,181,658
Grants	-	403,677	-	-	403,677	-	-	-	403,677
Occupancy	172,445	458,243	288,726	31,745	951,159	40,324	747	41,071	992,230
Operating service fees	35,233	90,050	23,135	13,000	161,418	84,256	242	84,498	245,916
Depreciation and amortization	34,362	124,051	76,941	5,541	240,895	14,125	1,170	15,295	256,190
Advertising, printing and postage	12,270	13,296	5,855	67,283	98,704	23,488	8,389	31,877	130,581
General supplies	7,384	22,407	43,059	8,458	81,308	9,623	31,825	41,448	122,756
Professional fees	29,907	45,723	3,725	2,929	82,284	38,149	5,597	43,746	126,030
Travel and training	14,625	8,951	12,364	884	36,824	9,393	11,463	20,856	57,680
Telephone and internet	20,859	22,121	13,128	1,562	57,670	3,628	453	4,081	61,751
Other	26,048	3,354	5,779	11,507	46,688	4,884	10,005	14,889	61,577
Total	<u>\$ 4,926,538</u>	<u>\$ 3,268,301</u>	<u>\$ 2,533,279</u>	<u>\$ 457,467</u>	<u>\$ 11,185,585</u>	<u>\$ 1,126,348</u>	<u>\$ 125,150</u>	<u>\$ 1,251,498</u>	<u>\$ 12,437,083</u>

See notes to financial statements.

SOURCEPOINT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program				Supporting Services			Total Expenses	
	In-Home Care Services	Community Programs	Nutrition and Event Services	Communications and Outreach	Total Programs	Management and General	Fundraising		Total Supporting Services
Salaries and wages	\$ 1,359,371	\$ 1,050,824	\$ 702,329	\$ 203,604	\$ 3,316,128	\$ 608,914	\$ 80,259	\$ 689,173	\$ 4,005,301
Payroll taxes and benefits	468,537	313,772	235,384	99,951	1,117,644	257,401	20,961	278,362	1,396,006
Client and member services	2,478,032	148,017	726,340	-	3,352,389	-	-	-	3,352,389
Grants	-	645,717	-	-	645,717	-	-	-	645,717
Occupancy	162,589	479,016	237,085	26,849	905,539	23,427	967	24,394	929,933
Operating service fees	41,585	25,361	51,895	17,712	136,553	106,897	6,818	113,715	250,268
Depreciation and amortization	75,588	90,890	38,736	6,506	211,720	18,038	2,526	20,564	232,284
Advertising, printing and postage	14,407	6,730	5,738	69,506	96,381	21,355	12,859	34,214	130,595
General supplies	9,002	21,985	37,028	8,366	76,381	11,859	21,114	32,973	109,354
Professional fees	7,574	12,174	229	8,548	28,525	45,579	394	45,973	74,498
Travel and training	9,564	4,284	8,770	583	23,201	10,717	570	11,287	34,488
Telephone and internet	25,887	11,477	7,241	2,034	46,639	5,250	858	6,108	52,747
Other	1,899	2,611	1,642	8,182	14,334	2,851	10,422	13,273	27,607
Total	<u>\$ 4,654,035</u>	<u>\$ 2,812,858</u>	<u>\$ 2,052,417</u>	<u>\$ 451,841</u>	<u>\$ 9,971,151</u>	<u>\$ 1,112,288</u>	<u>\$ 157,748</u>	<u>\$ 1,270,036</u>	<u>\$ 11,241,187</u>

See notes to financial statements.

SOURCEPOINT

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (920,070)	\$ 772,963
Adjustments to reconcile increase (decrease) in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	256,190	232,284
Bad debts	29,039	-
Net realized gain on investments	(37,486)	(134,216)
Net unrealized loss on investments	867,936	40,605
Gain on sale of property and equipment	(11,605)	(5,700)
Decrease (increase) in operating assets:		
Contribution receivable for the use of building	400,821	420,861
Accounts receivable	(42,481)	85,150
Interest receivable	(15,149)	(32,791)
Inventory	(18,970)	(15,355)
Prepaid expenses	(35,927)	64,036
Deferred compensation investments	61,399	(1,205)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(99,529)	205,300
Grants payable	2,999	(34,178)
Deferred revenue	26,882	9,694
Deferred compensation obligations	(61,399)	1,205
Net cash provided by operating activities	402,650	1,608,653
Cash flows from investing activities:		
Purchases of property and equipment	(211,346)	(245,808)
Proceeds from sale of property and equipment	11,605	5,700
Purchases of investments	(3,775,763)	(246,085)
Proceeds from sale of investments	2,514,389	627,965
Net cash provided by (used in) investing activities	(1,461,115)	141,772
Net increase (decrease) in cash and cash equivalents	(1,058,465)	1,750,425
Cash and cash equivalents, beginning of year	5,277,013	3,526,588
Cash and cash equivalents, end of year	\$ 4,218,548	\$ 5,277,013

See notes to financial statements.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies:

Description of organization:

SourcePoint is the most comprehensive aging services provider in Delaware County, Ohio. SourcePoint is a nonprofit 501(c)(3) organization that is mainly funded by a countywide property tax levy, as well as private and corporate contributions and grants.

SourcePoint provides in-home care services, including Meals on Wheels, emergency response systems, personal care, medical transportation, and more, which help county residents ages 55 and older live safely and independently at home. SourcePoint also provides community programs for older adults and family caregivers, both on-site at its enrichment center and off-site at locations throughout the county.

Measure of operations:

The statements of activities and changes in net assets report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to SourcePoint's ongoing services to those aged 55 and older, contributions and grants for those services, and investment income earned on investments. Nonoperating activities are limited to unrealized gains and losses on investments and other activities considered to be of a more unusual or nonrecurring nature.

Basis of accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and assumptions.

Cash and cash equivalents:

Cash and cash equivalents includes all cash on hand, demand deposits held by banks, and other highly liquid accounts with maturities of three months or less. Cash and cash equivalents is maintained at financial institutions, and at times, balances exceed federally insured limits. The cash held at their depository bank is collateralized up to \$5,000,000 by the depository bank. The depository bank uses the Ohio Pooled Collateral System to collateralize deposits. SourcePoint does not expect to incur any losses from cash and cash equivalents held at financial institutions.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Accounts receivable:

Accounts receivable are recorded as performance obligations are satisfied.

Potentially uncollectible accounts are provided for on the allowance method based on prior years' experience and management's evaluation of outstanding accounts receivable at year end. If collection is remote, management will write-off the account at that time. Based on this evaluation, management recorded an allowance for doubtful accounts of \$18,639 at December 31, 2022 and \$2,373 at December 31, 2021.

Contributions and grants revenue:

Contributions are recorded as revenue when they are received or when the donor makes an unconditional promise to give. Contributions received are recorded as support with or without donor restrictions depending on the existence or nature of any donor restrictions. SourcePoint discloses conditional contributions, which are those with a measurable performance or other barrier and a right of return, in its financial statements. They are not recognized until the conditions on which they depend have been met. There were no conditional contributions at December 31, 2022 or 2021. Contributions that are donor restricted are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported as net assets released from donor restrictions on the statements of activities and changes in net assets.

SourcePoint receives grants from local, state, and Federal government sources under a variety of programs. Amounts received under these programs generally require compliance with terms and conditions specified in the grant agreements, and may be subject to audit by the grantor agencies. Grant revenue under these types of programs is reported as an increase in net assets without donor restrictions in the reporting period in which the terms and conditions specified in the grant agreement are satisfied.

Revenue recognition:

SourcePoint recognizes service fees and related revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. The core principal of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps, (1) identify the contract(s), (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Revenue recognition (continued):

Service fees and related revenue is reported at the amount that reflects the consideration to which SourcePoint expects to be entitled in exchange for services provided. These amounts are due from various individuals and government agencies and third-party payors (insurance contracts), and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, SourcePoint bills all payors subsequent to the services being provided. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by SourcePoint. SourcePoint measures the performance obligation, primarily, on a per unit/visit basis as services are provided.

Since all of the performance obligations relate to contracts with a duration of less than one year, SourcePoint has elected to apply the optional exemption provided in the FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

SourcePoint determines the transaction price based on contractually agreed-upon amounts or rates, reduced by contractual adjustments provided to third-party payors and other adjustments for estimated or variable considerations, such as implicit price concessions. SourcePoint utilizes the expected value method to determine the amount of variable consideration that should be included to arrive at the transaction price, using contractual agreements and historical reimbursement experience with each payor. SourcePoint assesses collectability on all accounts prior to providing services.

SourcePoint recognizes revenue in the statements of activities and changes in net assets and contract assets on the statements of financial position only when the services have been provided. Since SourcePoint has performed its obligations under the contracts, it has unconditional rights to the consideration recorded and classifies those amounts as accounts receivable. There are no contract assets at December 31, 2022 and 2021.

Contract liabilities represent the payments that SourcePoint receives in advance of providing services. SourcePoint includes contract liabilities in deferred revenue on the statements of financial position. Contract liabilities are \$39,278 at December 31, 2022, \$12,396 at December 31, 2021 and \$2,702 at January 1, 2021.

SourcePoint recognizes property tax levy and intergovernmental revenue when it is measurable and available to finance expenditures of the current fiscal period. Revenue recognized for property tax levy and intergovernmental support provided by Delaware County, Ohio was \$10,065,475 (81% of total revenue and other support) in 2022 and \$9,708,685 (81% of total revenue and other support) in 2021.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Donated services and in-kind contributions:

Volunteers have made significant contributions of their time in furtherance of SourcePoint's mission. These services are not reflected in the accompanying statements of activities and changes in net assets because they do not meet the necessary criteria for recognition under U.S. GAAP. The value of hours was \$1,416,962 for 2022 and \$993,292 for 2021. These values are calculated using hourly rates provided by a nationally recognized independent source.

SourcePoint also received donated supplies and space for its facility and offices which are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions and operating expenses on the accompanying statements of activities and changes in net assets.

During the year ended December 31, 2022, contributed goods and services consisted of the following:

	<u>Revenue Received</u>	<u>Valuation Technique and Inputs</u>
Supplies	\$ 28,465	Value is estimated based on estimated fair value of donated asset.
Space	\$ 63,179	Value is based on the average cost per square foot to lease commercial property in Delaware County times the square footage of the donated space.

During the year ended December 31, 2021, contributed goods and services consisted of the following:

	<u>Revenue Received</u>	<u>Valuation technique and inputs</u>
Supplies	\$ 18,881	Value is estimated based on estimated fair value of donated asset.
Space	\$ 43,138	Value is based on the average cost per square foot to lease commercial property in Delaware County times the square footage of the donated space.

SourcePoint's policy related to donated goods and services is to utilize the donated goods and services to carry out the mission of SourcePoint. If an asset is provided that does not allow SourcePoint to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

All donated goods and services were utilized by SourcePoint's programs and supporting services. There were no donor-imposed restrictions associated with the donated goods or services.

Contribution receivable for the use of building:

Contribution receivable for the use of building was initially recognized as revenue with donor restrictions when the donor explicitly and unconditionally promised the use of the building for a specified period of time. The period of time is expected to be longer than one year and therefore, the contribution receivable for the use of building is discounted to present value using SourcePoint's estimated incremental borrowing rate (See Note 4).

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Inventory:

Inventory is stated at the lower of cost or net realizable value, and consists of products that are sold to support SourcePoint's mission.

Property and equipment:

Additions of property and equipment are recorded at cost or at fair value if acquired by gift. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in nonoperating activities on the statements of activities and changes in net assets.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is calculated on the straight-line method.

Investments:

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, and interest and dividends) is included in net assets without donor restrictions unless the income or loss is restricted by the donor, passage of time, or law on the statements of activities and changes in net assets.

Investments consisting of corporate bonds, mutual funds, common stocks, exchange-traded funds, and municipal bonds are recorded at market value determined based on quoted market prices or the third-party active market.

Grants:

SourcePoint enters into grant agreements with various organizations to assist these organizations in providing services to the senior population of Delaware County, Ohio.

Unconditional grants are recorded as expense during the year of approval. Grants subject to certain conditions are recorded as expense during the year in which conditions are met. Grants payable within one year are recorded at their fair value at the date of authorization. Grants payable in more than one year are recorded at the present value of their future cash flows for material obligations. Grants payable is \$45,291 at December 31, 2022 and \$42,292 at December 31, 2021. SourcePoint had conditional grants of \$423,266 at December 31, 2022 and \$479,485 at December 31, 2021.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Deferred revenue:

Deferred revenue represents unearned activity and service fees revenue for which the related conditions and performance obligations, respectively, have not been satisfied. The deferred revenue is recognized into income as SourcePoint meets the conditions or satisfies the performance obligations.

Net assets without donor restrictions:

Net assets without donor restrictions include net assets available for use in general operations and are not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, \$970,787 at December 31, 2022 and 2021 for future capital improvements and major maintenance projects.

Net assets with donor restrictions:

Net assets with donor restrictions include net assets whose use has been restricted by donors to a specific time period and/or purpose.

Income taxes:

SourcePoint is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code.

Advertising costs:

The costs of advertising are expensed as incurred. Advertising expense was \$28,035 in 2022 and \$24,526 in 2021.

Classification of expenses:

Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and wages and payroll taxes and benefits which are allocated based on job descriptions and time and effort. The remaining expenses which are not directly identifiable by program or support service are allocated on the best estimates of management.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Recently adopted accounting pronouncements:

In February 2016, FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which amends the former accounting principles for the recognition, measurement, presentation, and disclosure of leases for both lessees and lessors. This ASU requires a lessee to recognize a right-of-use asset and a lease liability on the statement of financial position, changes presentation of expense on the statement of activities and changes in net assets and statement of cash flows and changes the disclosure requirements. In addition, after the issuance of ASU No. 2016-02, the FASB issued numerous additional ASUs to provide clarity and changes to ASC Topic 842. SourcePoint adopted all ASUs included in Topic 842 effective January 1, 2022, utilizing the modified retrospective transition method. ASC Topic 842 provides a practical expedient for an entity's ongoing accounting. SourcePoint elected the short-term practical expedient for all leases that qualify. As a result, SourcePoint will not recognize right-of-use assets or liabilities for short-term leases that qualify for the short-term practical expedient, but instead will recognize the lease payments as lease expense on a straight-line basis over the lease term. The adoption of this ASU did not have a material impact on SourcePoint's financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of this ASU is to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU require that a not-for-profit present contributed nonfinancial assets as a separate line item in the statement of activities and changes in net assets, apart from contributions of cash and other financial assets, and disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities and changes in net assets by category that depicts the type of contributed nonfinancial assets, as well as disclose the following for each category of contributed nonfinancial assets recognized, (1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, (2) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, (3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets, (4) a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, at initial recognition, and (5) the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. SourcePoint adopted this ASU on January 1, 2022, using the retrospective method. The adoption of the ASU did not have a material impact on SourcePoint's financial statements.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Description of organization and summary of significant accounting policies (continued):

Recent accounting pronouncement:

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments*. This ASU requires a financial asset, or group of financial assets, measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU also amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. In November 2019, FASB issued an ASU to defer the implementation date of this ASU. SourcePoint is currently evaluating the impact this ASU will have on its financial statements and will adopt and implement this ASU for its year beginning after December 15, 2022.

Reclassifications:

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

2. COVID-19 pandemic:

The COVID-19 pandemic has created economic uncertainties which has contributed to significant volatility for businesses. Consequently, there is and will continue to be uncertainty and risk with respect to SourcePoint and its financial results that may have continuing adverse consequences for an extended period of time. As a result, SourcePoint received stimulus relief funds as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Management has, and will continue to, monitor the situation and make changes to its operations in an attempt to minimize any future financial impact. SourcePoint was impacted by certain provisions of the CARES Act, as summarized below:

Stimulus relief grant funding:

SourcePoint received stimulus funding from the CARES Act during 2021 that were specifically designated for health care and related providers and are known as Coronavirus Relief Funds (CRF). These funds are required to be used for increases in expenses and/or lost revenue relating to the COVID-19 pandemic as defined in the “Terms and Conditions” and subsequently issued related guidance. SourcePoint considers this funding to be conditional grants in accordance with FASB ASC 958 (*Contributions*), and therefore, recognizes these grants as revenue when the conditions have been met. SourcePoint received \$216,544 during 2021, of which all is recognized in contributions and grants in the statement of activities and changes in net assets. The above amounts received are federal funds received from the Ohio Department of Aging (ODA) that were provided to ODA by the U.S. Department of Treasury (Treasury). SourcePoint did not receive any stimulus funding in 2022.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

3. Liquidity and availability:

SourcePoint's financial assets available within one year of the statements of financial position dates for general expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents, net of donor-restricted and board-designated amounts	\$ 3,230,274	\$ 4,240,704
Accounts receivable, net of allowance for doubtful accounts	155,712	142,270
Interest receivable	47,940	32,791
Investments	<u>8,159,973</u>	<u>7,722,187</u>
	<u>\$ 11,593,899</u>	<u>\$ 12,137,952</u>

As part of SourcePoint's liquidity management, its goal generally is to maintain financial assets to meet 292 days of operating expenses. This goal was established in relation to the funding cycle of the property tax levy, which provides 80% of annual revenues. As part of the liquidity plan, excess public funds are invested in fixed-income vehicles with scattered maturity dates, so that immediate cash needs can be funded by utilizing maturing securities. Although SourcePoint does not intend to spend from its noncurrent investments within one year of the statement of financial position date, amounts from noncurrent investments could be made available for general expenditures, if necessary.

4. Contribution receivable for the use of building:

SourcePoint leases its primary building from the Delaware County Commissioners with lease payments significantly below fair market value (see Note 8). In accordance with U.S. GAAP, SourcePoint recognized the difference between the estimated fair value of the lease and the payments they are making as contribution receivable for the use of building on the statements of financial position and revenue with donor restrictions on the statements of activities and changes in net assets. The fair market value was determined by management using an estimated lease cost per square foot after actual maintenance and related costs of the building. The contribution receivable for the use of building beyond one year is reported at its present value using a discount rate of 5.0% at December 31, 2022 and 2021. The scheduled contribution receivable and related discount is as follows:

	<u>2022</u>	<u>2021</u>
Contribution receivable within one year	\$ 464,000	\$ 464,000
Contribution receivable beyond one year	928,000	1,392,000
Less unamortized discount	<u>300,466</u>	<u>363,645</u>
	<u>\$ 1,091,534</u>	<u>\$ 1,492,355</u>

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

5. Service fees and related revenue:

The following is a summary of service fees and related revenue types and payors.

Comprehensive aging services:

Private pay payors:

SourcePoint's private pay service rates are determined, published, and periodically updated by management.

SourcePoint has elected a practical expedient to not adjust the promised amount of consideration for the effects of a significant component due to its expectation that the period between the time the service is provided and the time payment is received will be one year or less. However, in certain instances, if SourcePoint enters into payment agreements with members that allow payments to be made in excess of one year, for those situations, the financing components are not significant to the contract.

Third-party payors:

The following is a summary of the payment arrangements with third-party payors:

- **Ohio Medicaid:**

Medicaid services are paid through various Ohio programs, including the PASSPORT (Pre-Admission Screening Providing Options and Resources Today) program. Rates are adjusted by the Ohio Department of Medicaid.

- **MyCare Ohio:**

MyCare Ohio is an integrated care program for dually eligible Medicare and Medicaid beneficiaries. All Medicaid benefits for members in the program are covered by a managed care company. Members covered by the program can opt-out of the Medicare portion of the program and choose to have their benefits covered by the traditional Medicare program. The managed care plans are required by Ohio law to reimburse senior care providers at a minimum of the provider's traditional Medicaid PASSPORT fee-for-service rate. Medicare reimbursements are determined based on the contract between the plan and the provider and may be based on a per unit basis.

- **Other:**

Payment agreements with commercial insurance carriers and managed care companies provide for payment using prospectively determined per-unit rates.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

5. Service fees and related revenue (continued):

Disaggregation of revenue:

SourcePoint has determined that the nature, amount, timing, and uncertainty of service fees and related revenue and cash flows are affected by the following factors: payors, service lines, method of reimbursement, and timing of when revenue is recognized. The following is a summary of the composition of service fees and related revenue by primary payor for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Private pay	87%	83%
MyCare Ohio	7	9
Ohio Medicaid	3	4
Other	<u>3</u>	<u>4</u>
	<u>100%</u>	<u>100%</u>

6. Investments:

The following is a summary of investments at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Corporate bonds	\$ 5,945,007	\$ 5,996,114
Mutual funds	706,893	1,037,829
Common stocks	398,361	514,689
Exchange-traded funds (ETFs)	109,335	96,156
U.S. Treasury/municipal bonds	<u>1,000,377</u>	<u>77,399</u>
	<u>\$ 8,159,973</u>	<u>\$ 7,722,187</u>

SourcePoint invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could have a material effect on SourcePoint's statements of financial position, activities and changes in net assets, and cash flows.

7. Fair value measurements:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

7. Fair value measurements (continued):

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets or liabilities in active markets that SourcePoint has the ability to access.

Level 2 – Inputs to the methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: The fair value of the mutual funds is based on the daily closing price as reported by the fund. Mutual funds held by SourcePoint are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by SourcePoint are deemed to be actively traded.

Common stocks: The fair value of common stock is based upon quoted market prices.

Exchange traded funds: The fair value of exchange traded funds is based on quoted market prices.

Municipal and corporate bonds: The fair value of these bonds is based on calculations prepared by the financial institution utilizing interest rates and yield curves in the third-party active market.

Beneficial interest in assets held by others: The fair value of beneficial interest in assets held by others is based on quoted market prices for the assets held by others using the market approach. It is corroborated through information provided by the Delaware County Foundation of quoted market prices for similar assets in active markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although SourcePoint believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

7. Fair value measurements (continued):

The following table sets forth by level, within fair value hierarchy, SourcePoint's assets at fair value as of December 31, 2022 and 2021:

	2022		2021	
	Level 1	Level 2	Level 1	Level 2
Investments:				
Corporate bonds	\$ -	\$ 5,945,007	\$ -	\$ 5,996,114
Mutual funds	706,893	-	1,037,829	-
U.S. Treasury/municipal bonds	-	1,000,377	-	77,399
Common stock	398,361	-	514,689	-
Exchange-traded funds	109,335	-	96,156	-
Beneficial interest in assets held by others	-	43,417	-	50,279
Deferred compensation investments:				
Mutual funds	<u>249,634</u>	<u>-</u>	<u>311,033</u>	<u>-</u>
Total	<u>\$ 1,464,223</u>	<u>\$ 6,988,801</u>	<u>\$ 1,959,707</u>	<u>\$ 6,123,792</u>

8. Lease commitment:

In October 2007, SourcePoint entered into a lease agreement with the Delaware County Commissioners to lease real property consisting of approximately 12.74 acres, known as 800 Cheshire Road, Delaware, Ohio, and a 58,000-square-foot facility, including meeting and activity rooms, offices, kitchen, exercise pool, and paved parking areas.

The terms of the lease agreement specify that leased premises shall be used to provide services to improve the quality of life of older adults in Delaware County, Ohio. In addition, SourcePoint is required to maintain compliance with all provisions set forth in applicable bond financing certificates issued by Delaware County. (Delaware County Commissioners issued Capital Facilities Refunding Bonds, series 2013, in the amount of \$7,245,000, for the purpose of paying the costs of refunding bonds previously issued by the county to purchase land and construction at 800 Cheshire Road, Delaware Ohio, for the purpose of providing a facility for senior citizens. The commissioners previously issued Capital Facilities Bonds, series 2005A was in the amount of \$12,000,000.)

Lease payments under this lease are \$1.00 per year, and SourcePoint may purchase right title and interest in the leased premises at the termination of the lease. A right-of-use asset and lease obligation is not recorded as the consideration being paid by SourcePoint is not significant (\$1.00 per year). As discussed in Notes 1 and 4, lease payments are below fair market value, and SourcePoint records in-kind contributions annually for the fair market value of this lease arrangement. Total lease expense related to this in-kind contribution totaled \$464,000 in 2022 and 2021, and is recorded to occupancy expense on the statements of functional expenses. The current year discount revenue is recorded to other revenue and the remaining amount is released from donor restrictions and reported in net assets without donor restrictions.

During the term of the lease, SourcePoint is responsible for all maintenance, repairs, utilities, taxes, assessments, insurance, improvements, and all general upkeep of the leased property. The lease terminates on December 31, 2025.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

9. Beneficial interest in assets held by others:

SourcePoint has funds held at the Delaware County Community Foundation (Foundation) for the use of SourcePoint. These funds are subject to the variance power of the Board of Trustees of the Foundation. The variance power permits the Foundation's Board of Trustees, in its sole discretion to redirect all or part of the funds' income and/or assets to another organization.

The fair value of the beneficial interest in assets held by others was \$43,417 at December 31, 2022 and \$50,279 at December 31, 2021.

10. Net assets with donor restrictions:

The following is a summary of net assets with donor restrictions at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Scholarship fund (A) , subject to expenditure for specified purpose	\$ 17,487	\$ 19,522
Contribution receivable for the use of building, subject to the passage of time	1,091,534	1,492,355
Other, subject to expenditure for specified purpose	<u>-</u>	<u>46,000</u>
	<u>\$ 1,109,021</u>	<u>\$ 1,557,877</u>

The following is a summary of net assets released from donor restrictions at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Scholarship fund (A)	\$ 2,595	\$ 1,688
Contribution receivable for the use of building	400,821	420,861
Other	<u>46,000</u>	<u>5,000</u>
	<u>\$ 449,416</u>	<u>\$ 427,549</u>

(A) In 2014, SourcePoint began soliciting contributions to be used to award scholarships for seniors to help offset the cost of enrichment center membership and activities. These funds are treated as restricted contributions, until they are awarded to recipients. Awards began in the fall of 2016.

11. Employee benefit plans:

Tax deferred 403(b) plan:

SourcePoint has a tax-deferred 403(b) plan covering all eligible employees, who meet length of service and hours worked requirements. The assets are held for each employee in an individual account maintained by an investment firm. Under the program, an employee may elect to contribute up to the extent allowable by law. In addition, SourcePoint contributes 4% of each eligible employee's annual wages and also matches employee contributions to the plan up to 4% of each eligible employee's wages.

SOURCEPOINT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

11. Employee benefit plans (continued):

Deferred compensation plan:

SourcePoint has a deferred compensation plan for certain key employees. The plan provides for salary deferral and employer discretionary contributions. The employees are fully vested in their account at all times. The agreement provides for distributions of their accounts in a single lump sum after certain distributable events as well as employee elective distributions of all or a portion of their account based on certain conditions that are met. The asset and related liability have been reflected in SourcePoint's statements of financial position as of December 31, 2022 and 2021.

Total pension expense for both plans was \$251,042 for 2022 and \$348,473 for 2021.

12. Management compensation:

The SourcePoint Board of Directors employs its executive director under an employment agreement, which provides for a base salary, life insurance, health insurance, retirement, professional development benefits, and annual increases. The current employment agreement expires June 30, 2024.

13. Commitments and contingent liabilities:

SourcePoint is self-insured with regard to the State of Ohio (State) unemployment insurance program, and will reimburse the State for any unemployment benefits paid by the State on behalf of SourcePoint's former employees. SourcePoint does not anticipate any material liabilities or commitments under this self-insured arrangement.

14. Subsequent events:

In preparing these financial statements, SourcePoint has evaluated events and transactions for potential recognition or disclosure through June 22, 2023, the date SourcePoint's financial statements were available to be issued.

Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
SourcePoint
Delaware, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SourcePoint, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SourcePoint's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SourcePoint's internal control. Accordingly, we do not express an opinion on the effectiveness of the SourcePoint's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SourcePoint's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SourcePoint's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SourcePoint's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HW & Co.

Columbus, Ohio
June 22, 2023